TAXES IN AFRICA

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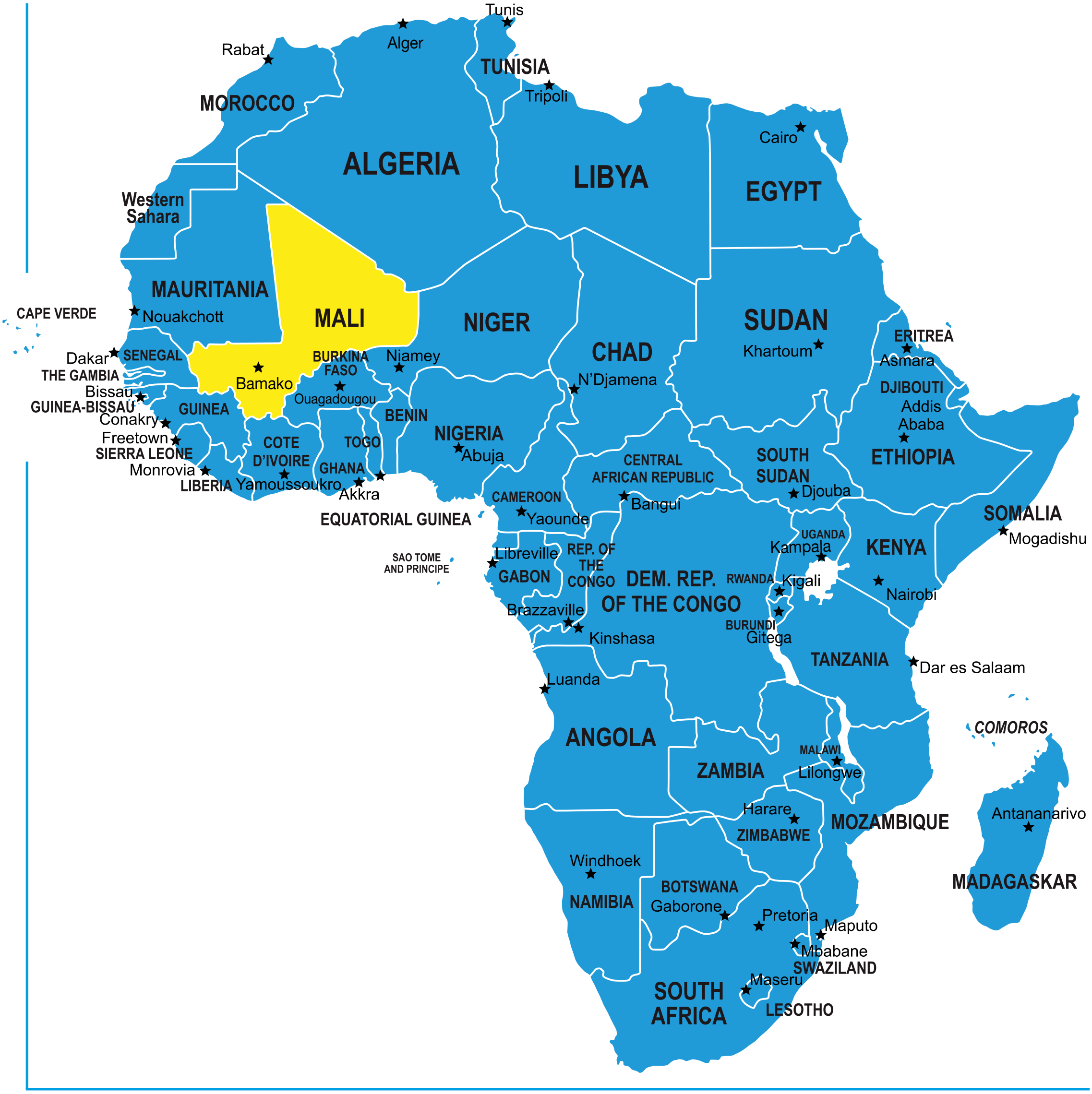
Mali



Capital city :
Bamako

Area :
1,241,238 km^2

Population :
19,553,397

Language :
French

Political system :
Republic

GDP/capita 2018 :
USD 900

Currency :
Franc CFA (XOF)

ISO Code :
MLI

Telephone code :
+223

National day :
22 September

1. Corporation tax

The category of taxable industrial and commercial profit includes profit from commercial, industrial, craft trade activities, professions, holders of charges and offices and all lucrative activities that are not the subject of particular taxation.

This category also includes remuneration allocated in the form of fees to any professional, including on an incidental basis, outside any company, design firm or other firm that is regularly registered with the tax authorities.

1.1 Tax base and regime

Tax is owed on profit made in Mali by legal entities that engage in an activity there, regardless of their legal status or the validity of the operations carried out in view of non-tax legislation.

There are two taxation regimes for industrial and commercial profit:

1. The regime of the synthetic tax applicable to companies with less than XOF 50,000,000 of annual turnover exclusive of tax, including those with several establishments;

2. The regime of actual profit that is applicable:

   - to taxpayers with annual turnover that is greater than or equal to:
   - XOF 50,000,000 exclusive of tax;
   - to tax advisers, approved accountants and approved chartered accountants and companies approved under the investment code;
   - to any individual normally liable for synthetic tax but who has opted for the actual taxation regime.

In its turn, the actual profit regime comprises two taxation modes:

- the simplified actual mode for taxpayers whose turnover is greater than or equal to XOF 50,000,000 but below or equal to XOF 250,000,000
- the standard actual regime for all the other taxpayers that cannot benefit from the synthetic tax or the simplified regime.

1.2 Residence and non-residence

Profit liable for tax is that which is made in companies operating in Mali and those where taxation is attributed to Mali under an international agreement on double taxation.

The following are deemed to operate in Mali:

- companies having their head office or actual place of management in Mali;
- companies domiciled elsewhere that have a permanent establishment in Mali. The term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

The profit made by companies is also taxable in Mali if they carry out activities that make up a complete commercial cycle in the country.

A withholding for tax applies to industrial and commercial profit, and amounts or income paid to remunerate economic activity carried out by parties who do not have a permanent professional installation in Mali. These sums or income particularly include:

- remuneration paid to professionals and holders of charges or offices;
- public contracts, regardless of their object.

The taxable amount is determined by applying a standard deduction of 50% to gross receipts and 90% to charges depending on the type of the service or contract.

1.3 Frequency and declaration

The tax is established every year on the profit made during the previous year. The accounting year generally is the same as the calendar year.

Companies are required to declare the amount of their taxable profit for the previous year or financial year no later than:

- on 31 March of each year for those paying synthetic tax;
- on 30 April of the year following the close of the accounting year for those paying tax based on actual profit. If an operation makes a loss, the loss is declared within the same time.

Tax that is owed by taxpayers under the standard actual profit regime is paid in three instalments within the last fifteen days of the months of March, July and November.

1.4 Taxable income

Synthetic tax regime

The amount of the synthetic tax is established based on the exclusive criterion of the turnover declared by the taxpayer. The payment of synthetic tax by taxpayers discharges them from the payment of other taxes and duties.

Actual profit regime

The taxable profit is calculated on the basis of the book profit of the company, with adjustments to take account of disparities between the accounting and tax methods for determining the profit, as illustrated in the figure below:

Taxable profit = Net book profit + Tax reinstatements - Tax deductions

Net book profit = Surplus income on costs + Disposal of assets + Incidental profit and miscellaneous

Net book profit = Value of net assets at the close - Value of net assets at the start of the period + Additional contributions by the operator or partners + Withdrawals made in the course of the period

The profit is established after deducting all the charges that meet the following conditions:

- those incurred in the direct interest of the company or are part of the normal management of the company;
- those that correspond to effective charges and are supported by sufficient substantiation;
- those that are reflected by a reduction of the net assets of the company;
- those that are included in the charges of the financial year during which they are incurred;
- those that contribute to income that is not exempted from income tax.

Other deductible charges include the depreciation and provisions applied according to the conditions and modalities set by law.
These are provisions that are generally made in order to face losses and

contingencies that are clearly specified and that are made likely by events under way, providing they have been effectively posted in the accounts of the year and stated in the statement of provisions under article 60 of the tax procedure handbook.

1.5 Group income and group agreements

Gross income from the holdings of a parent company in the capital of a subsidiary are subtracted from the taxable income, after deducting a 5% share representing expenses and charges.

These provisions apply to the following cumulative conditions:

- the parent and subsidiary are joint stock companies or limited liability companies;
- the parent and/or its subsidiaries have their registered office in an UEMOA member state and are liable for corporation tax;
- the shares held by the former company account for at least 10% of the capital of the latter;
- the shares above have been subscribed or allocated upon issue and are registered in the name of the company or the company commits to keeping them for at least two consecutive years on a registered basis.

When the income from holdings is not eligible for the parent and subsidiary regime, 60% of its gross value contributes to the taxable income of the subsidiary.

1.6 Capital gains

Capital gains from the disposal of fixed assets during operation are deductible from the taxable profit when the taxpayer has committed to reinvesting an amount equal to the capital gains added to the cost price of the disposed assets in fixed assets within a period of 3 years in companies located in one or more UEMOA member states.

Capital gains from the disposal of long-term equity interests by holding companies under national law are exempted if the portfolio of said companies is made up of at least 60% of holdings in companies with registered offices in one of the member states of the West African Monetary and Economic Union.

Capital gains other than those made from goods, resulting from the allocation of shares (proprietary interest) following mergers of joint stock companies are exempted from tax on industrial and commercial profit or corporation tax.

1.7 Losses

When the taxable profit is not sufficient for the deduction of earlier losses to be applied in full, the remainder of the loss is carried forward successively to the three fiscal years following the year in which the loss was made.

1.8 Exemptions

Some entities are however exempted from tax on industrial and commercial profit, such as:

- non-profit cooperative companies
- non-profit voluntary organisations;
- economical housing offices;
- mutual relief companies;
- non-profit public establishments of the state or decentralised local authorities;
- public authorities;
- farming cooperatives;
- chambers of commerce, industry, craft trades, agriculture and non-profit trades.

1.9 Rates

The rates of tax on industrial and commercial profit are as follows:

- 3% of the turnover declared by companies liable for synthetic tax;
- 30% of the taxable profit of companies under the actual profit regime. The amount of the tax due may not be below 1% of the turnover exclusive of tax rounded down to the nearest thousand francs.

1.10 Relief for double taxation

Tax agreements signed by Mali provide for the avoidance of double taxation. These are the 8 UEMOA countries, France, Morocco, Russia, Tunisia and Monaco.

2. Tax on the income of natural persons

2.1 Tax base

Natural persons who are employees are liable for tax on salaries (ITS) on all the amounts paid in the year by public and private employers, directly or through other parties, in return for or on the occasion of work.

2.2 Residence and non-residence

The parties liable for tax on salaries are:

- those who usually reside in Mali and carry out remunerated salaried activity or receive taxable income in the country;
- those domiciled or residing outside Mali on some conditions;
- some parties who are on leave outside Mali;
- civil servants or public employees in foreign countries if they are exempted from similar tax.

2.3 Frequency and declaration

N/A

2.4 Taxable income

The income below attracts tax on salaries regardless of its name and form:

- salaries, allowances, earnings, commission, profit-sharing, bonuses, gratifications, wages, tips and other retributions;
- pensions and life annuities;
- remuneration through the allocation of shares to senior managers.

2.5 Capital gains and securities, land revenue

Tax on income from securities

- Taxable income

Income from securities, interest, dividend, arrears, capital gains from the disposal of securities and any other income from shares held by a taxpayer in a joint stock company is liable for income tax.
Tax agreements also avoid double taxation.

- Exemptions

Some financial income is exempted from IRVM. In particular, that includes:

- income distributed by investment funds;
- other forms of mutual investment approved by the regional council for public savings and financial markets (CREPMF);
- depreciation on the realisation of assets;
- interest and arrears of bonds issued by the state, regional or local authorities when the term of the bonds is greater than 10 years;
- capital gains resulting from the free allocation of securities following mergers of companies;
- income from current accounts between industrialists, merchants, farmers or mining operators in some conditions.

- Base and applicable rates

The tax base and the taxable income vary depending on the type of financial income. The IRVM rates are as follows depending on the type of tax:

Type of income	Tax rate
Interest from bonds of Malian companies	0%, 3% and 6%
Shares paid to creditors and bond-holders	6%
Interest from sight deposits, fixed-term deposits or current accounts	9%
Dividend	7% and 10%
Interest, arrears and other income from bonds, marketable securities with a representative or head office in Mali	13%
Payments to creditors and bond-holders	15%
All other income from securities	18%

Tax on income from land

- Taxable income

Income from buildings in masonry, steel or wood, permanently fixed or resting on special foundations, with the exception of that included in the profit of a company liable for corporation tax.

- Exemptions

Unrented properties occupied by the owner, its employees and buildings that are part of the assets of the balance sheet of a company liable for corporation tax and public railway tracks are exempted.

- Rates

The rate of tax on income from land is fixed as follows:

- 12% for permanent and semi-permanent buildings;
- 8% for buildings in mud brick.

2.6 Losses

N/A

2.7 Exemptions

In addition to taxpayers governed by international, bilateral or multilateral agreements who are not liable for tax on salaries, the following also do not come within the field of application of the tax on salaries, among others:

- family allowance and assistance to families.
- increases in balances for family burdens (if they are allocated to all the employees of a company).
- veterans' pensions.
- life annuity and temporary allowances to victims of workplace injuries.
- severance pay or retirement pay.

2.8 Reductions and rates

Tax on salaries is based on all the remuneration, salaries or earnings including benefits in kind, bonuses and miscellaneous allowances, to the exclusion of those that are refunds for expenses. The rates applicable to the taxable income are set as follows for each income bracket:

Brackets		Rates
0	330,000	0%
330,001	578,400	5%
578,401	1,176,400	12%
1,176,401	1,789,733	18%
1,789,734	2,384,195	26%
2,384,196	3,494,130	31%
3,494,131		37%

The reduction for family charges applicable to the gross tax is obtained as follows:

- married, with no dependent children: 10%
- per dependent child, up to the 10th inclusive: 2.5%
- major disabled children entitle the taxpayer to a 10% tax deduction.

2.9 Social security

N/A

2.10 Expatriates

N/A

2.11 Stock options

N/A

2.12 Associations and partnerships

N/A

2.13 Pensions

N/A

3. Taxes on successions and gifts

N/A

4. Wealth tax

N/A

5. Value-added tax

5.1 Taxation and application

Operations relating to economic activity involving the delivery of goods and services in Mali for a consideration by a taxable party are liable for VAT.

The following are liable for VAT as of right, when they achieve turnover exclusive of taxes equal to or above XOF 50,000,000:

- those who sell products they have imported or bought in the local market as they are;
- those who sell new buildings;
- producers;
- building work contractors;
- water, electricity, gas and telecommunications suppliers;
- service providers.

The same applies to importers, regardless of their turnover.

5.2 Exemptions

Some activities are expressly excluded from the field of application of VAT.

5.3 Rates

There are two VAT rates:

- 5% applicable only to computer equipment and solar, wind and bio-energy production equipment;
- 8% for other non-exempt products and services.

6. Other taxes

There is a large number of taxes paid by companies and natural persons.

The main ones are as the following:

Owing from companies:

- contributions of patents and licences

- tax on automotive vehicles
- standard income tax
- road tax
- standard contribution paid by employers (CFE)
- tax on land operations
- special tax on some products such as gold, tobacco, alcoholic beverages etc.
- tax on access to telecommunications networks open to the public (TARTOP)
- registration fees
- stamp duty owed by companies
- regional and local development tax
- road tax
- firearms tax
- tax on automotive vehicles
- solidarity contribution on air tickets
- tax owed by exporters of gold and other mining products not governed by the Mining Code
- registration fees
- stamp duty

7. Foreign income

N/A

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